

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: July 23, 2009
POSITION: Oppose
SPONSOR: Californians Against Waste

BILL NUMBER: AB 479
AUTHOR: W. Chesbro

BILL SUMMARY: Solid Waste: Diversion

This bill would require the California Integrated Waste Management Board (Waste Board) to ensure that 75 percent of the solid waste generated in California is source reduced, recycled, or composted no later than January 1, 2020, and annually thereafter. The bill also would require businesses that generate more than four cubic yards of covered waste per week to arrange for recycling services by January 1, 2011, to the extent that these services are reasonably available from a local service provider. Finally, the bill would change the amendment process for non-disposal facility elements (NDFEs), to authorize updates to a local jurisdiction's NDFE document without approval from the local task force.

FISCAL SUMMARY

The Waste Board states that any costs related to the bill would be minor and absorbable. However, the bill would impose significantly more responsibility upon the Waste Board, including increasing the diversion goal from 50 to 75 percent by 2020 and imposing new recycling requirements upon specified businesses. It is difficult to see how the Waste Board could administer or enforce the new requirements absent additional funding. Currently, the solid waste tipping fee, the main source of revenue to support solid waste diversion activities, is fully subscribed for existing Waste Board activities. The IWMA is in structural deficit, with 2009-10 expenditures exceeding same year revenues by an estimated \$1.8 million.

SUMMARY OF CHANGES

Amendments to this bill since our analysis of the April 22, 2009 version include the following significant amendments which do not change our position. The following provisions have been deleted from the bill:

- Increasing the solid waste tipping fee from \$1.40 to \$3.90 per ton effective January 1, 2010 to support local jurisdictions' waste diversion activities. This provision would have yielded an additional \$100 million in annual revenues to the IWMA.
- Increasing the diversion rate goal for local jurisdictions and the state to 60 percent by 2015.

COMMENTS

The Department of Finance (Finance) is opposed to the bill for the following reasons:

- The requirement that the state level Waste Board ensure that 75 percent diversion target is met by January 1, 2020 is inconsistent with the state's solid waste diversion policy in the Integrated Waste Management Act. Historically, while the state has set the goal, responsibility for meeting diversion requirements and applicable enforcement has been placed with local jurisdictions, which choose strategies deemed most appropriate for each jurisdiction.
- The bill would lead to potentially significant additional cost pressures on the IWMA for regulatory development, administration, and presumably enforcement without providing new revenue to cover those costs. As such, any new workload would have to be funded from existing fully subscribed IWMA revenue. Finance projects that the IWMA fund balance will be exhausted by 2010-11.

Analyst/Principal (0623) K. DaRosa	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
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ANALYSIS**A. Programmatic Analysis**

Existing law requires each local jurisdiction to divert 50 percent of their solid waste from landfill disposal by 2000 and requires a local jurisdiction to annually report to the Waste Board their diversion rate in terms of a per capita disposal rate equivalent. Existing law also establishes the 50 percent disposal rate equivalent as one factor in the review of each jurisdiction's compliance efforts. Existing law requires the formation of county task forces to oversee and guide the development of waste management and recycling plans for the respective counties. The task forces include local government representatives, as well as representative of the solid waste industry, environmental groups and the public.

Existing law prohibits the operator of a solid waste facility from making a significant change to the design or operation of a facility that is not authorized in the existing solid waste facility permit. Finally, existing law requires local jurisdictions to prepare, adopt and submit to the Waste Board, an NDFE which includes a description of new facilities and expansion of existing facilities, and all solid waste facility expansions (except disposal and transformation facilities) that recover for reuse at least five percent of the total volume processed. The NDFE also must be consistent with the implementation of a local jurisdiction's Source Reduction and Recycling Element.

This bill would do the following:

- Require the Waste Board to ensure that by January 1, 2020 and annually thereafter, 75 percent of the solid waste generated in California is source reduced, recycled or composted.
- Require that by January 1, 2011, any owner or operator of a business that contracts for solid waste services and generates more than 4 cubic yards of material per week arrange for recycling services to the extent that these services are offered and reasonably available from a local service provider.
- Add to the list of determinations that a local enforcement agency (LEA) can make when reviewing a solid waste facility permit whether to require a modification for a proposed change in maximum tonnage if it is provided for within the existing design capacity as described in the facility transfer processing report as well as relevant permits and environmental review pursuant to the California Environmental Quality Act.
- Propose changes to the amendment process for NDFEs that would allow changes without approval by the local task force and instead require the jurisdiction making the change to provide the information to the local task force as specified.

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B. Fiscal Analysis

The Waste Board states that any costs related to the bill would be minor and absorbable.

However, the bill would impose significantly more responsibility upon the Waste Board, including increasing the diversion goal from 50 to 75 percent by 2020 and imposing new requirements upon specified businesses related to recycling. It is difficult to see how the Waste Board could administer or enforce the new requirements absent additional funding.

Currently, the solid waste tipping fee, the main source of revenue to support solid waste diversion activities, generates \$54 million Integrated Waste Management Account (IWMA) annually which is fully subscribed for existing Waste Board activities. The IWMA is in structural deficit, with 2009-10 expenditures exceeding same year revenues by an estimated \$1.8 million dollars.

Any request for additional resources related to this bill's requirements would be subject to review via the annual budget process.

		SO	(Fiscal Impact by Fiscal Year)						
Code/Department	LA	(Dollars in Thousands)							
Agency or Revenue	CO	PROP							Fund
Type	RV	98	FC	2009-2010	FC	2010-2011	FC	2011-2012	Code
3910/Waste Mgmt	SO	No	----- See Fiscal Summary -----						0387
<u>Fund Code</u>	<u>Title</u>								
0387	Integrated Waste Management Account								